

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*  
**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	<b>The Group</b>		<b>The Bank</b>	
		As at	As at	As at	As at
		<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
Cash and short-term funds		212,376	251,447	208,008	251,259
Deposits and placements with banks and other financial institutions		-	100,021	-	100,021
Financial assets at fair value through profit or loss ("FVTPL")	8	168,197	26,496	167,997	26,297
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,326,734	1,256,640	1,326,734	1,256,640
Financial investments at amortised cost	10	1,058,002	1,250,442	1,058,002	1,250,442
Derivative financial assets	17	61,876	38,393	61,876	38,393
Loans and advances	11	386,285	393,720	386,285	393,720
Clients' and brokers' balances	12	458,850	103,077	458,850	103,077
Other assets	13	48,344	32,173	48,328	32,145
Investment in subsidiaries		-	-	200	200
Deferred tax assets		107,200	110,559	107,200	110,559
Property and equipment	14	6,821	7,623	6,821	7,623
Right-of-use ("ROU") assets		13,689	14,589	13,689	14,589
Intangible assets - computer software		4,417	4,652	4,417	4,652
Goodwill		28,986	28,986	28,986	28,986
<b>TOTAL ASSETS</b>		<b>3,881,777</b>	<b>3,618,818</b>	<b>3,877,393</b>	<b>3,618,603</b>
<b>LIABILITIES AND SHAREHOLDER'S FUNDS</b>					
Deposits from customers	15	620,612	759,636	620,612	759,636
Deposits and placements of banks and other financial institutions	16	2,023,528	1,907,235	2,023,528	1,907,235
Derivative financial liabilities	17	43,023	26,705	43,023	26,705
Clients' and brokers' balances		448,651	76,502	448,651	76,502
Lease liabilities		13,115	13,901	13,115	13,901
Provision for tax		-	-	-	-
Other liabilities	18	126,437	201,169	122,327	201,244
Subordinated obligations	19	101,260	100,193	101,260	100,193
<b>TOTAL LIABILITIES</b>		<b>3,376,626</b>	<b>3,085,341</b>	<b>3,372,516</b>	<b>3,085,416</b>
<b>EQUITY</b>					
Share capital		252,950	252,950	252,950	252,950
Reserves		252,201	280,527	251,927	280,237
<b>TOTAL EQUITY</b>		<b>505,151</b>	<b>533,477</b>	<b>504,877</b>	<b>533,187</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,881,777</b>	<b>3,618,818</b>	<b>3,877,393</b>	<b>3,618,603</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
	27	6,409,967	5,967,639	6,409,967	5,967,639
<b>Net assets per ordinary share (RM)</b>		<b>3.06</b>	<b>3.23</b>	<b>3.06</b>	<b>3.23</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Note	<b>The Group</b>			
		<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
		<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
		<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
		<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	20a	<b>29,755</b>	26,714	<b>29,755</b>	26,714
Interest income for financial assets at FVTPL	20b	<b>5,146</b>	7,105	<b>5,146</b>	7,105
Interest expense	21	<b>(21,717)</b>	(22,382)	<b>(21,717)</b>	(22,382)
Net interest income		<b>13,184</b>	11,437	<b>13,184</b>	11,437
Non-interest income	22	<b>25,702</b>	35,216	<b>25,702</b>	35,216
Net income		<b>38,886</b>	46,653	<b>38,886</b>	46,653
Overhead expenses	23	<b>(22,934)</b>	(21,901)	<b>(22,934)</b>	(21,901)
Operating profit before allowances		<b>15,952</b>	24,752	<b>15,952</b>	24,752
Write-back of allowance for impairment losses on loans and advances	24	<b>18</b>	173	<b>18</b>	173
Write-back of allowance for impairment losses on financial losses on financial investments and other other financial assets	25	<b>105</b>	113	<b>105</b>	113
<b>Profit before taxation</b>		<b>16,075</b>	25,038	<b>16,075</b>	25,038
Taxation		<b>(3,874)</b>	(5,991)	<b>(3,874)</b>	(5,991)
<b>Net profit for the financial period</b>		<b>12,201</b>	19,047	<b>12,201</b>	19,047
Earnings per share (sen)					
- Basic		<b>7.4</b>	11.5	<b>7.4</b>	11.5
- Diluted		<b>7.4</b>	11.5	<b>7.4</b>	11.5

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**

*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Individual Quarter		The Group Cumulative Months Ended	
	Current	Last year	Current	Last
	quarter ended	quarter ended	year to date	year to date
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the financial period</b>	<b>12,201</b>	19,047	<b>12,201</b>	19,047
<b>Other comprehensive (expense)/income:</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	(2,083)	(9,654)	(2,083)	(9,654)
- Net changes in expected credit losses	(4)	(17)	(4)	(17)
Income tax relating to net fair value changes on financial investments at FVOCI	500	2,317	500	2,317
<b>Other comprehensive expense for the financial period, net of tax</b>	<b>(1,587)</b>	(7,354)	<b>(1,587)</b>	(7,354)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>10,614</b>	11,693	<b>10,614</b>	11,693

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED INCOME STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Note	<b>The Bank</b>			
		<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
		<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
		<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
		<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	20a	<b>29,736</b>	26,693	<b>29,736</b>	26,693
Interest income for financial assets at FVTPL	20b	<b>5,146</b>	7,105	<b>5,146</b>	7,105
Interest expense	21	<b>(21,717)</b>	(22,382)	<b>(21,717)</b>	(22,382)
Net interest income		<b>13,165</b>	11,416	<b>13,165</b>	11,416
Non-interest income	22	<b>25,690</b>	35,181	<b>25,690</b>	35,181
Net income		<b>38,855</b>	46,597	<b>38,855</b>	46,597
Overhead expenses	23	<b>(22,902)</b>	(21,859)	<b>(22,902)</b>	(21,859)
Operating profit before allowances		<b>15,953</b>	24,738	<b>15,953</b>	24,738
Write-back of allowance for impairment losses on loans and advances	24	<b>18</b>	173	<b>18</b>	173
Write-back of allowance for impairment losses on financial investments and other financial assets	25	<b>105</b>	113	<b>105</b>	113
<b>Profit before taxation</b>		<b>16,076</b>	25,024	<b>16,076</b>	25,024
Taxation		<b>(3,859)</b>	(5,991)	<b>(3,859)</b>	(5,991)
<b>Net profit for the financial period</b>		<b>12,217</b>	19,033	<b>12,217</b>	19,033
Earnings per share (sen)					
- Basic		<b>7.4</b>	11.5	<b>7.4</b>	11.5
- Diluted		<b>7.4</b>	11.5	<b>7.4</b>	11.5

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the financial period</b>	<b>12,217</b>	19,033	<b>12,217</b>	19,033
<b>Other comprehensive (expense)/income:</b>				
Items that will be reclassified subsequently to income statements				
Debt instruments at FVOCI				
- Net fair value changes	<b>(2,083)</b>	(9,654)	<b>(2,083)</b>	(9,654)
- Net changes in expected credit losses	<b>(4)</b>	(17)	<b>(4)</b>	(17)
Income tax relating to net fair value changes on financial investments at FVOCI	<b>500</b>	2,317	<b>500</b>	2,317
<b>Other comprehensive expense for the financial period, net of tax</b>	<b>(1,587)</b>	(7,354)	<b>(1,587)</b>	(7,354)
<b>Total comprehensive income for the financial period, net of tax</b>	<b>10,630</b>	11,679	<b>10,630</b>	11,679

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Attributable to owner of the parent				Total RM'000
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<b>The Group</b>					
<b>At 1 July 2022</b>	<b>252,950</b>	<b>12,148</b>	<b>(19,792)</b>	<b>288,171</b>	<b>533,477</b>
Net profit for the financial period	-	-	-	12,201	12,201
Other comprehensive expense, net of tax	-	-	(1,587)	-	(1,587)
Total comprehensive (expense)/income for the financial period	-	-	(1,587)	12,201	10,614
Transfer to regulatory reserve	-	3,786	-	(3,786)	-
Dividend payable	-	-	-	(38,940)	(38,940)
<b>At 30 September 2022</b>	<b>252,950</b>	<b>15,934</b>	<b>(21,379)</b>	<b>257,646</b>	<b>505,151</b>
At 1 July 2021	252,950	13,149	3,364	389,554	659,017
Net profit for the financial period	-	-	-	19,047	19,047
Other comprehensive expense, net of tax	-	-	(7,354)	-	(7,354)
Total comprehensive (expense)/income for the financial year	-	-	(7,354)	19,047	11,693
Transfer to regulatory reserve	-	553	-	(553)	-
Dividend payable	-	-	-	(156,750)	(156,750)
<b>At 30 September 2021</b>	<b>252,950</b>	<b>13,702</b>	<b>(3,990)</b>	<b>251,298</b>	<b>513,960</b>

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**HONG LEONG INVESTMENT BANK BERHAD**  
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**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	Non-distributable			Distributable	Total
	Share capital RM'000	Regulatory reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	
<b><u>The Bank</u></b>					
<b>At 1 July 2022</b>	<b>252,950</b>	<b>12,148</b>	<b>(19,792)</b>	<b>287,881</b>	<b>533,187</b>
Net profit for the financial period	-	-	-	12,217	12,217
Other comprehensive expense, net of tax	-	-	(1,587)	-	(1,587)
Total comprehensive (expense)/income for the financial period	-	-	(1,587)	12,217	10,630
Transfer to regulatory reserve	-	3,786	-	(3,786)	-
Dividend payable	-	-	-	(38,940)	(38,940)
<b>At 30 September 2022</b>	<b>252,950</b>	<b>15,934</b>	<b>(21,379)</b>	<b>257,372</b>	<b>504,877</b>
At 1 July 2021	252,950	13,149	3,364	389,376	658,839
Net profit for the financial period	-	-	-	19,033	19,033
Other comprehensive expense, net of tax	-	-	(7,354)	-	(7,354)
Total comprehensive (expense)/income for the financial year	-	-	(7,354)	19,033	11,679
Transfer to regulatory reserve	-	553	-	(553)	-
Dividend payable	-	-	-	(156,750)	(156,750)
<b>At 30 September 2021</b>	<b>252,950</b>	<b>13,702</b>	<b>(3,990)</b>	<b>251,106</b>	<b>513,768</b>

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*

**HONG LEONG INVESTMENT BANK BERHAD**  
*Registration No. 197001000928 (10209-W)*

**CONDENSED FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before taxation	<b>16,075</b>	25,038	<b>16,076</b>	25,024
Adjustments for non-cash items	<b>(22,914)</b>	(14,223)	<b>(22,910)</b>	(14,222)
Operating (loss)/profit before changes in working capital	<b>(6,839)</b>	10,815	<b>(6,834)</b>	10,802
Changes in working capital:				
Net changes in operating assets	<b>(506,688)</b>	115,630	<b>(506,690)</b>	115,637
Net changes in operating liabilities	<b>235,794</b>	131,331	<b>231,610</b>	130,074
Net income tax paid	<b>(3)</b>	(7)	-	-
Net cash (used in)/generated from operating activities	<b>(277,736)</b>	257,769	<b>(281,914)</b>	256,513
Net cash generated from/(used in) investing activities	<b>139,591</b>	(210,098)	<b>139,589</b>	(210,099)
Net cash used in financing activities	<b>(947)</b>	(957)	<b>(947)</b>	(957)
Net changes in cash and cash equivalents	<b>(139,092)</b>	46,714	<b>(143,272)</b>	45,457
Cash and cash equivalents at beginning of financial period	<b>351,468</b>	149,490	<b>351,280</b>	147,658
Cash and cash equivalents at end of financial period	<b>212,376</b>	196,204	<b>208,008</b>	193,115
<b>Cash and cash equivalents comprise:</b>				
Cash and short term funds	<b>212,376</b>	196,204	<b>208,008</b>	193,115

*The unaudited condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 30 June 2022.*



**EXPLANATORY NOTES**

**1. Basis of preparation**

The unaudited condensed financial statements for the financial period ended 30 September 2022 have been prepared under the historical cost convention, as modified by the revaluation of financial investments at fair value through other comprehensive income ("FVOCI") and financial assets/financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

The unaudited condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and should be read in conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 30 June 2022. The explanatory notes attached to the unaudited condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 30 June 2022.

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2022 and modified for the adoption of the following Amendments to MFRSs applicable for financial period beginning on or after 1 July 2022:

- Annual improvements to MFRS 9 "Fees in the 10% test for derecognition of financial liabilities"
- Amendments to MFRS 3 "Business Combinations" Reference to the Conceptual Framework
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts - Cost of Fulfilling a Contract"

The adoption of the above amendments to published standards are not expected to have significant impact on the financial results of the Group and the Bank.

The preparation of unaudited condensed financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Bank's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

**2. Audit report**

The audit report of the latest audited annual financial statements was not subject to any qualification.

**3. Seasonality or cyclicity of operations**

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

**4. Items affecting net income and cash flows**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the financial quarter ended 30 September 2022.

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**EXPLANATORY NOTES**

**5. Changes in estimates**

There were no significant changes in estimates arising from prior financial quarter that have a material effect on the financial results and position of the Group and the Bank for the financial quarter ended 30 September 2022.

**6. Issuance and repayments**

There were no other new shares issuance, no cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter ended 30 September 2022.

**7. Dividends**

There were no dividends paid during the financial quarter ended 30 September 2022.

**8. Financial assets at fair value through profit or loss ("FVTPL")**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>				
Malaysian Government Investment Issues	20,039	-	20,039	-
Negotiable instruments of deposits	99,716	-	99,716	-
	<b>119,755</b>	<b>-</b>	<b>119,755</b>	<b>-</b>
<b>Quoted securities</b>				
In Malaysia:				
Shares	18,386	6,554	18,386	6,554
Unit trust investment	200	199	-	-
	<b>18,586</b>	<b>6,753</b>	<b>18,386</b>	<b>6,554</b>
<b>Unquoted securities</b>				
Corporate bond and/or sukuk	29,856	19,743	29,856	19,743
	<b>168,197</b>	<b>26,496</b>	<b>167,997</b>	<b>26,297</b>

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**EXPLANATORY NOTES**

**9. Financial investments at fair value through other comprehensive income ("FVOCI")**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	120,860	120,972
Malaysian Government Investment Issues	243,164	242,625
Cagamas bonds	69,572	69,603
	<b>433,596</b>	433,200
<b>Unquoted securities</b>		
Foreign currency bonds	72,082	70,227
Corporate bond and/or sukuk	821,056	753,213
	<b>893,138</b>	823,440
	<b>1,326,734</b>	1,256,640

Movements in expected credit losses of debt instruments at FVOCI are as follows:-

	12 Months	Lifetime ECL	Lifetime ECL	Total ECL
	ECL (Stage 1)	not credit impaired (Stage 2)	credit impaired (Stage 3)	
<b>The Group and the Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 July 2022	158	-	-	158
Allowances made	1	-	-	1
Amount written back	(6)	-	-	(6)
New financial assets originated or purchased	2	-	-	2
Financial assets derecognised	(2)	-	-	(2)
Exchange differences	1	-	-	1
At 30 September 2022	<b>154</b>	-	-	<b>154</b>
At 1 July 2021	372	-	-	372
Allowances made	15	-	-	15
Amount written back	(18)	-	-	(18)
New financial assets originated or purchased	59	-	-	59
Financial assets derecognised	(261)	-	-	(261)
Exchange differences	(9)	-	-	(9)
At 30 June 2022	<b>158</b>	-	-	<b>158</b>

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**EXPLANATORY NOTES**

**10. Financial investments at amortised cost**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Money market instruments</b>		
Malaysian Government Securities	619,998	626,305
Malaysian Government Investment Issues	398,734	585,104
	<b>1,018,732</b>	<b>1,211,409</b>
<b>Unquoted securities</b>		
Corporate bond and/or sukuk	39,270	39,033
Less: Expected credit losses	-	-
	<b>1,058,002</b>	<b>1,250,442</b>

Movements in expected credit losses of financial investments at amortised cost are as follows:

<b>The Group and the Bank</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2021	12	-	-	12
Financial assets derecognised	(12)			(12)
At 30 June 2022	-	-	-	-

**11. Loans and advances**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loan financing	62,414	64,536
Share margin financing	324,042	329,373
Staff loans	28	30
Other loans	127	128
Gross loans and advances	<b>386,611</b>	<b>394,067</b>
Less: Expected credit losses	<b>(326)</b>	<b>(347)</b>
Total net loans and advances	<b>386,285</b>	<b>393,720</b>

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**11. Loans and advances (continued)**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(i) Gross loans and advances disbursed by type of customers</b>		
Domestic non-bank financial institutions		
- Others	<b>29,003</b>	30,060
Domestic business enterprises		
- Small and medium enterprises	<b>57,732</b>	60,626
- Others	<b>76,633</b>	77,956
Individuals	<b>220,432</b>	222,711
Foreign entities	<b>2,811</b>	2,714
	<b>386,611</b>	394,067
<b>(ii) Gross loans and advances analysed by interest rate sensitivity</b>		
Variable rate	<b>386,456</b>	393,909
Fixed rate		
- Staff housing loans	<b>28</b>	30
- Other fixed rate loans	<b>127</b>	128
	<b>386,611</b>	394,067
<b>(iii) Gross loans and advances analysed by residual contractual maturity</b>		
Maturing within one year	<b>347,090</b>	352,548
One year to three years	<b>34,136</b>	36,121
Three years to five years	<b>5,083</b>	-
Over five years	<b>302</b>	5,398
	<b>386,611</b>	394,067
<b>(iv) Loans and advances analysed by their economic purposes</b>		
Working capital	<b>28,265</b>	28,277
Purchase of securities	<b>329,187</b>	335,572
Purchase of landed properties	<b>155</b>	158
Others	<b>29,004</b>	30,060
	<b>386,611</b>	394,067
<b>(v) Gross loans and advances analysed by geographical distribution</b>		
Malaysia	<b>386,611</b>	394,067
<b>(vi) Impaired loans and advances</b>		
<b>(a) Movements in impaired loans and advances</b>		
At 1 July	<b>128</b>	265
Impaired during the financial year	-	12
Amount written-back during the financial period/year	<b>(1)</b>	(87)
Amount written-off during the financial period/year	-	(62)
At 30 September/30 June	<b>127</b>	128

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**11. Loans and advances (continued)**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(vi) Impaired loans and advances (continued)</b>		
<b>(b) By economic purposes</b>		
Purchase of landed properties	127	128

**(vii) Movements in expected credit losses:**

<b>The Group and the Bank</b>	<b>12 Months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL not credit impaired (Stage 2) RM'000</b>	<b>Lifetime ECL credit impaired (Stage 3) RM'000</b>	<b>Total ECL RM'000</b>
At 1 July 2022	310	37	-	347
Transferred to Stage 1	5	(5)	-	-
Transferred to Stage 2	(13)	13	-	-
New financial assets originated	1	-	-	1
Financial assets derecognised	(2)	-	-	(2)
Allowance made	11	2	-	13
Allowance written-back	(30)	(3)	-	(33)
At 30 September 2022	282	44	-	326
At 1 July 2021	263	194	126	583
Transferred to Stage 1	144	(29)	(115)	-
Transferred to Stage 2	(22)	22	-	-
New financial assets originated	11	10	-	21
Financial assets derecognised	(4)	-	(80)	(84)
Allowance made	188	-	115	303
Allowance written-back	(270)	(160)	-	(430)
Allowance written-off	-	-	(46)	(46)
At 30 June 2022	310	37	-	347

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**12. Clients' and brokers' balances**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Performing accounts	455,860	101,214
Impaired accounts	3,893	2,861
	<b>459,753</b>	104,075
Less: Expected credit losses	(903)	(998)
	<b>458,850</b>	103,077

**13. Other assets**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax recoverable	3	14	-	-
Amount due from holding company	154	130	154	130
Amount due from related companies	404	-	404	-
Deposits and prepayments	8,441	8,525	8,441	8,525
Fee income receivables	9,563	10,930	9,563	10,930
Collaterals pledged for derivative transactions	17,179	10,120	17,179	10,120
Treasury related receivables	9,952	-	9,952	-
Other receivables	4,616	4,424	4,603	4,410
	<b>50,312</b>	34,143	<b>50,296</b>	34,115
Less: Expected credit losses	(1,968)	(1,970)	(1,968)	(1,970)
	<b>48,344</b>	32,173	<b>48,328</b>	32,145

**14. Valuation of property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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**15. Deposits from customers**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposit	<b>620,612</b>	759,636
(i) The deposits are sourced from the following customers:		
Government & statutory bodies	500,860	553,869
Business enterprises	105,136	192,248
Individuals	14,616	13,519
	<b>620,612</b>	759,636
(ii) The maturity structure of fixed deposits is as follows:		
Due within:		
- six months	620,612	758,405
- six months to one year	-	1,231
	<b>620,612</b>	759,636

**16. Deposits and placements of banks and other financial institutions**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	253,437	264,951
Licensed investment banks	-	22,067
Other financial institutions	1,770,091	1,620,217
	<b>2,023,528</b>	1,907,235



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**EXPLANATORY NOTES**

**17. Derivative financial assets/(liabilities)**

	<b>The Group and the Bank</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Positive fair value RM'000</b>	<b>Negative fair value RM'000</b>
<b>30.09.2022</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,741,000	35,516	(18,323)
- futures	97,393	1,137	-
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,499,408	22,304	(24,609)
- foreign currency forwards	48,186	1,646	(47)
- foreign currency spots	59,412	104	-
(iii) Equity related contracts:			
- Futures	12,079	35	-
- Call options	200	32	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	1,102	(44)
	<b>5,527,678</b>	<b>61,876</b>	<b>(43,023)</b>
<b>30.06.2022</b>			
Derivatives at FVTPL:			
(i) Interest rate related contracts:			
- interest rate swaps	3,303,000	31,048	(16,729)
- futures	149,897	236	(1,061)
(ii) Foreign exchange related contracts:			
- foreign currency swaps	1,340,695	5,249	(8,601)
- foreign currency forwards	175,960	931	(194)
(iii) Equity related contracts:			
- Call options	200	50	-
Derivatives designated as fair value hedge:			
- Interest rate swap	70,000	879	(120)
	<b>5,039,752</b>	<b>38,393</b>	<b>(26,705)</b>

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**EXPLANATORY NOTES**

**18. Other liabilities**

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amount due to holding company	82	80	82	80
Amount due to related companies	854	577	851	574
Remisiers' trust deposits	14,409	14,605	14,409	14,605
Treasury related payables	-	20,317	-	20,317
Advance payments received for corporate exercise	9,925	65,383	9,925	65,383
Other payables and accrued liabilities	62,003	99,986	57,896	100,064
Dividend payable	38,940	-	38,940	-
Provision for post employment benefits	221	221	221	221
Expected credit losses - loans & advances commitments	3	-	3	-
	<b>126,437</b>	201,169	<b>122,327</b>	201,244

**19. Subordinated obligations**

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
RM100.0 million Tier 2 subordinated notes, at par	100,000	100,000
Add: Interest payable	1,263	197
	<b>101,263</b>	100,197
Less: Unamortised discounts	(3)	(4)
	<b>101,260</b>	100,193

On 6 November 2014, Hong Leong Investment Bank Berhad ("HLIB") had completed the first issuance of RM50.0 million nominal value of Tier 2 Subordinated Notes ("Sub-Notes") out of its RM1.0 billion Multi-Currency Sub-Notes Programme. The RM50.0 million Sub-Notes will mature in 2024 and is callable on any coupon payment date falling on or after the 5th anniversary of the issue date. The Sub-Notes which bears interest rate of 5.30% per annum is payable semi-annually in arrears. The exercise of the call option on the Sub-Notes shall be subject to the approval of BNM.

The Sub-Notes constitute unsecured liabilities of HLIB, and is subordinated in right of payment to the deposit liabilities and all other liabilities of HLIB in accordance with the terms and conditions of the issue, except to those liabilities, which by their terms, rank equally in right of payment with or are subordinated to the Sub-Notes. The Sub-Notes qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of HLIB.

On 14 June 2019, the Bank issued a second tranche of RM100.0 million nominal value of 10-year non-callable 5 years Sub Notes callable on 14 June 2024 (and thereafter) and due on 14 June 2029 out of its RM1.0 billion Multi-Currency Sub Notes Programme. The coupon rate for this second tranche of the Sub Notes is 4.23% per annum, which is payable semi-annually in arrears from the date of the issue.

On 6 November 2019, HLIB had fully redeemed the first issuance of RM50.0 million nominal value of this Sub Notes.

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**EXPLANATORY NOTES**

**20a. Interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	4,620	3,807	4,620	3,807
Money at call and deposit placements with financial institutions	1,219	226	1,219	226
Financial investments at FVOCI	10,215	10,105	10,215	10,105
Financial investments at amortised cost	8,459	8,284	8,459	8,284
Others	5,242	4,292	5,242	4,292
<b>Total interest income</b>	<b>29,755</b>	<b>26,714</b>	<b>29,755</b>	<b>26,714</b>

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances	4,620	3,807	4,620	3,807
Money at call and deposit placements with financial institutions	1,200	205	1,200	205
Financial investments at FVOCI	10,215	10,105	10,215	10,105
Financial investments at amortised cost	8,459	8,284	8,459	8,284
Others	5,242	4,292	5,242	4,292
<b>Total interest income</b>	<b>29,736</b>	<b>26,693</b>	<b>29,736</b>	<b>26,693</b>

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**20b. Interest income for financial assets at FVTPL**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Financial assets at FVTPL	<b>5,146</b>	7,105	<b>5,146</b>	7,105

**21. Interest expense**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>3,304</b>	1,346	<b>3,304</b>	1,346
Deposits from customers	<b>13,506</b>	10,127	<b>13,506</b>	10,127
Derivative financial instruments	<b>3,587</b>	9,649	<b>3,587</b>	9,649
Subordinated obligations	<b>1,067</b>	1,066	<b>1,067</b>	1,066
Lease liabilities	<b>161</b>	179	<b>161</b>	179
Others	<b>92</b>	15	<b>92</b>	15
	<b>21,717</b>	22,382	<b>21,717</b>	22,382

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**22. Non-interest income**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 30.09.2022 RM'000</b>	<b>Last year quarter ended 30.09.2021 RM'000</b>	<b>Current year to date 30.09.2022 RM'000</b>	<b>Last year to date 30.09.2021 RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	1,450	1,450	1,450	1,450
Arranger fees	15	533	15	533
Underwriting commissions	366	-	366	-
Placement fees	3,562	4,185	3,562	4,185
Brokerage income	9,572	21,154	9,572	21,154
Fees on loans and advances	1	39	1	39
Commission from future contracts	233	186	233	186
Other fee income	3,131	661	3,131	661
	<b>18,330</b>	<b>28,208</b>	<b>18,330</b>	<b>28,208</b>
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,710)	(2,167)	(2,710)	(2,167)
- financial investments at FVOCI	(394)	1,971	(394)	1,971
- derivative financial instruments	10,586	10,156	10,586	10,156
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(1,260)	(1,144)	(1,260)	(1,144)
- derivative financial instruments	6,655	2,242	6,655	2,242
Dividend income from:				
- financial assets at FVTPL	1,123	669	1,123	669
Net unrealised loss on fair value changes arising from fair value hedges				
	(498)	(463)	(498)	(463)
	<b>13,502</b>	<b>11,264</b>	<b>13,502</b>	<b>11,264</b>
<u>Other income:</u>				
Gain on disposal of property and equipment	2	-	2	-
Foreign exchange loss	(7,297)	(4,265)	(7,297)	(4,265)
Other non-operating income	1,165	9	1,165	9
	<b>(6,130)</b>	<b>(4,256)</b>	<b>(6,130)</b>	<b>(4,256)</b>
Total non-interest income	<b>25,702</b>	<b>35,216</b>	<b>25,702</b>	<b>35,216</b>

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**22. Non-interest income** (continued)

	<b>The Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 30.09.2022 RM'000</b>	<b>Last year quarter ended 30.09.2021 RM'000</b>	<b>Current year to date 30.09.2022 RM'000</b>	<b>Last year to date 30.09.2021 RM'000</b>
<u>Fee and commission income:</u>				
Corporate advisory fees	1,450	1,450	1,450	1,450
Arranger fees	15	533	15	533
Underwriting commissions	366	-	366	-
Placement fees	3,562	4,185	3,562	4,185
Brokerage income	9,572	21,154	9,572	21,154
Fees on loans and advances	1	39	1	39
Commission from future contracts	233	186	233	186
Other fee income	3,119	627	3,119	627
	<b>18,318</b>	28,174	<b>18,318</b>	28,174
<u>Net income from securities</u>				
Net realised (loss)/gain arising from sale of:				
- financial assets at FVTPL	(2,710)	(2,167)	(2,710)	(2,167)
- financial investments at FVOCI	(394)	1,971	(394)	1,971
- derivative financial instruments	10,586	10,156	10,586	10,156
Net unrealised (loss)/gain on revaluation of:				
- financial assets at FVTPL	(1,258)	(1,144)	(1,258)	(1,144)
- derivative financial instruments	6,655	2,242	6,655	2,242
Dividend income from:				
- financial assets at FVTPL	1,121	668	1,121	668
Net unrealised loss on fair value changes arising from fair value hedges	(498)	(463)	(498)	(463)
	<b>13,502</b>	11,263	<b>13,502</b>	11,263
<u>Other income:</u>				
Gain on disposal of property and equipment	2	-	2	-
Foreign exchange loss	(7,297)	(4,265)	(7,297)	(4,265)
Other non-operating income	1,165	9	1,165	9
	<b>(6,130)</b>	(4,256)	<b>(6,130)</b>	(4,256)
Total non-interest income	<b>25,690</b>	35,181	<b>25,690</b>	35,181

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**23. Overhead expenses**

	<b>The Group</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current quarter ended 30.09.2022 RM'000</b>	<b>Last year quarter ended 30.09.2021 RM'000</b>	<b>Current year to date 30.09.2022 RM'000</b>	<b>Last year to date 30.09.2021 RM'000</b>
Personnel expenses	<b>14,755</b>	13,372	<b>14,755</b>	13,372
Promotion and marketing related expenses	<b>158</b>	290	<b>158</b>	290
Establishment related expenses	<b>4,338</b>	4,026	<b>4,338</b>	4,026
General administrative expenses	<b>3,683</b>	4,213	<b>3,683</b>	4,213
	<b>22,934</b>	21,901	<b>22,934</b>	21,901
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	<b>12,285</b>	11,639	<b>12,285</b>	11,639
Defined contribution plan	<b>1,843</b>	1,717	<b>1,843</b>	1,717
Other employee benefits	<b>627</b>	16	<b>627</b>	16
	<b>14,755</b>	13,372	<b>14,755</b>	13,372
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Entertainment and business improvement	<b>108</b>	284	<b>108</b>	284
Others	<b>50</b>	6	<b>50</b>	6
	<b>158</b>	290	<b>158</b>	290
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	<b>946</b>	773	<b>946</b>	773
Amortisation of intangible assets	<b>441</b>	341	<b>441</b>	341
Depreciation of ROU assets	<b>848</b>	853	<b>848</b>	853
Rental expenses	<b>10</b>	35	<b>10</b>	35
Others	<b>2,093</b>	2,024	<b>2,093</b>	2,024
	<b>4,338</b>	4,026	<b>4,338</b>	4,026
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	<b>718</b>	1,070	<b>718</b>	1,070
Teletransmission expenses	<b>1,716</b>	1,725	<b>1,716</b>	1,725
Auditors' remuneration				
- Statutory audit fees	<b>61</b>	61	<b>61</b>	61
Legal and professional fees	<b>105</b>	448	<b>105</b>	448
Others	<b>1,083</b>	909	<b>1,083</b>	909
	<b>3,683</b>	4,213	<b>3,683</b>	4,213

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**EXPLANATORY NOTES**

**23. Overhead expenses (continued)**

	<b>Individual Quarter</b>		<b>The Bank Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended 30.09.2022 RM'000</b>	<b>quarter ended 30.09.2021 RM'000</b>	<b>year to date 30.09.2022 RM'000</b>	<b>year to date 30.09.2021 RM'000</b>
Personnel expenses	14,730	13,348	14,730	13,348
Promotion and marketing related expenses	158	290	158	290
Establishment related expenses	4,334	4,022	4,334	4,022
General administrative expenses	3,680	4,199	3,680	4,199
	<b>22,902</b>	<b>21,859</b>	<b>22,902</b>	<b>21,859</b>
<b>(i) Personnel expenses comprise the following:</b>				
Salaries, bonuses and allowances	12,264	11,619	12,264	11,619
Defined contribution plan	1,839	1,714	1,839	1,714
Other employee benefits	627	15	627	15
	<b>14,730</b>	<b>13,348</b>	<b>14,730</b>	<b>13,348</b>
<b>(ii) Promotion and marketing related expenses comprise the following:</b>				
Entertainment and business improvement	108	284	108	284
Others	50	6	50	6
	<b>158</b>	<b>290</b>	<b>158</b>	<b>290</b>
<b>(iii) Establishment related expenses comprise the following:</b>				
Depreciation of property and equipment	946	773	946	773
Amortisation of intangible assets	441	341	441	341
Depreciation of ROU assets	848	853	848	853
Rental expenses	6	31	6	31
Others	2,093	2,024	2,093	2,024
	<b>4,334</b>	<b>4,022</b>	<b>4,334</b>	<b>4,022</b>
<b>(iv) General administrative expenses comprise the following:</b>				
Management fee	718	1,070	718	1,070
Teletransmission expenses	1,716	1,725	1,716	1,725
Auditors' remuneration				
- Statutory audit fees	59	59	59	59
Legal and professional fees	105	437	105	437
Others	1,082	908	1,082	908
	<b>3,680</b>	<b>4,199</b>	<b>3,680</b>	<b>4,199</b>



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**EXPLANATORY NOTES**

**24. Write-back of allowance for impairment losses on loans and advances**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Expected credit losses				
(i) Loans and advances	21	173	21	173
(ii) Loans and advances commitments	(3)	-	(3)	-
	<b>18</b>	<b>173</b>	<b>18</b>	<b>173</b>

**25. Write-back of allowance for impairment losses on financial investments and other financial assets**

	<b>The Group and the Bank</b>			
	<b>Individual Quarter</b>		<b>Cumulative Months Ended</b>	
	<b>Current</b>	<b>Last year</b>	<b>Current</b>	<b>Last</b>
	<b>quarter ended</b>	<b>quarter ended</b>	<b>year to date</b>	<b>year to date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Financial investments				
(i) Financial investments at FVOCI	4	17	4	17
(ii) Financial investments at amortised cost	-	(1)	-	(1)
	<b>4</b>	<b>16</b>	<b>4</b>	<b>16</b>
(b) Other financial assets:				
(i) Clients' and brokers' balances:				
- Expected credit losses	94	99	94	99
- Impaired clients' and brokers' balances recovered	5	-	5	-
(ii) Other assets	2	(2)	2	(2)
	<b>101</b>	<b>97</b>	<b>101</b>	<b>97</b>
	<b>105</b>	<b>113</b>	<b>105</b>	<b>113</b>

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**EXPLANATORY NOTES**

**26. Related party transactions**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**27. Commitments and contingencies**

In the normal course of business, the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these.

	<b>The Group and the Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>Principal Amount RM'000</b>	<b>Principal Amount RM'000</b>
<b>Commitments and Contingent Liabilities</b>		
Direct Credit Substitutes	<b>1,000</b>	1,000
Obligations under underwriting agreement	-	7,140
Other commitments, such as formal standby facilities and credit lines, with an original maturity:		
- over one year	<b>1,000</b>	-
Any commitments that are unconditionally cancelled at any time by the Bank without prior notice		
- maturity less than one year	<b>880,289</b>	919,747
	<b>882,289</b>	927,887
<b>Derivative Financial Instruments</b>		
Interest rate related contracts:		
- One year or less	<b>967,393</b>	1,019,897
- Over one year to five years	<b>2,941,000</b>	2,503,000
Foreign exchange related contracts:		
- One year or less	<b>1,607,006</b>	1,516,655
Equity related contracts:		
- One year or less	<b>12,079</b>	-
- Over one year to five years	<b>200</b>	200
	<b>5,527,678</b>	5,039,752
	<b>6,409,967</b>	5,967,639

The Group and the Bank do not have commitments and contingent liabilities other than as disclosed above.

**EXPLANATORY NOTES**

**28. Fair value of financial instruments**

Determination of fair value and fair value hierarchy

The Group and the Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active market where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities, unit trust investments and actively exchange-traded derivatives.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2.

In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). This category includes unquoted shares held for socio economic reasons. Fair values for shares held for socio economic reasons are based on the net tangible assets of the affected companies. The Group's and the Bank's exposure to financial instruments classified as Level 3 comprised a small number of financial instruments which constitute an insignificant component of the Group's and the Bank's portfolio of financial instruments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

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**EXPLANATORY NOTES**

**28. Fair value of financial instruments** (continued)

Determination of fair value and fair value hierarchy

<b>The Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.09.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	18,586	149,611	-	168,197
- Quoted securities	18,586	-	-	18,586
- Unquoted securities	-	29,856	-	29,856
Financial investments at FVOCI	-	1,326,734	-	1,326,734
- Money market instruments	-	433,596	-	433,596
- Unquoted securities	-	893,138	-	893,138
Derivative financial assets	-	61,876	-	61,876
	<b>18,586</b>	<b>1,538,221</b>	<b>-</b>	<b>1,556,807</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	43,023	-	43,023
<b>30.06.2022</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	6,753	19,743	-	26,496
- Money market instruments	-	-	-	-
- Quoted securities	6,753	-	-	6,753
- Unquoted securities	-	19,743	-	19,743
Financial investments at FVOCI	-	1,256,640	-	1,256,640
- Money market instruments	-	433,200	-	433,200
- Unquoted securities	-	823,440	-	823,440
Derivative financial assets	-	38,393	-	38,393
	<b>6,753</b>	<b>1,314,776</b>	<b>-</b>	<b>1,321,529</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	26,705	-	26,705

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**EXPLANATORY NOTES**

**28. Fair value of financial instruments (continued)**

Determination of fair value and fair value hierarchy (continued)

<b>The Bank</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>30.09.2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>				
Financial assets at FVTPL	18,386	149,611	-	167,997
- Money market instruments	-	119,755	-	119,755
- Quoted securities	18,386	-	-	18,386
- Unquoted securities	-	29,856	-	29,856
Financial investments at FVOCI	-	1,326,734	-	1,326,734
- Money market instruments	-	433,596	-	433,596
- Unquoted securities	-	893,138	-	893,138
Derivative financial assets	-	61,876	-	61,876
	<b>18,386</b>	<b>1,538,221</b>	<b>-</b>	<b>1,556,607</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	43,023	-	43,023
<b>30.06.2022</b>				
<b>Financial assets</b>				
Financial assets at FVTPL	6,554	19,743	-	26,297
- Money market instruments	-	-	-	-
- Quoted securities	6,554	-	-	6,554
- Unquoted securities	-	19,743	-	19,743
Financial investments at FVOCI	-	1,256,640	-	1,256,640
- Money market instruments	-	433,200	-	433,200
- Unquoted securities	-	823,440	-	823,440
Derivative financial assets	-	38,393	-	38,393
	<b>6,554</b>	<b>1,314,776</b>	<b>-</b>	<b>1,321,330</b>
<b>Financial liability</b>				
Derivative financial liabilities	-	26,705	-	26,705

There were no transfers between Level 1 and 2 during the financial period.

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**EXPLANATORY NOTES**

**29. Capital adequacy**

The risk-weighted assets ("RWA") of the Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk computation.

(a) The capital adequacy ratios of the Group and the Bank are analysed as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Before deducting proposed dividends:</b>				
Common equity tier 1 ("CET1") capital ratio	<b>35.793%</b>	39.464%	<b>35.801%</b>	39.445%
Tier 1 capital ratio	<b>35.793%</b>	39.464%	<b>35.801%</b>	39.445%
Total capital ratio	<b>46.816%</b>	50.447%	<b>46.841%</b>	50.437%
<b>After deducting proposed dividends: <sup>(1)</sup></b>				
CET1 capital ratio	<b>35.793%</b>	35.389%	<b>35.801%</b>	35.367%
Tier 1 capital ratio	<b>35.793%</b>	35.389%	<b>35.801%</b>	35.367%
Total capital ratio	<b>46.816%</b>	46.372%	<b>46.841%</b>	46.359%

Note:

<sup>(1)</sup> Proposed dividends of RM Nil (30.06.2022: RM38,940,000).

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**EXPLANATORY NOTES**

**29. Capital adequacy** (continued)

(b) The components of CET1, Tier 1 and total capital of the Group and the Bank are as follows:

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CET1 Capital</b>				
Paid-up ordinary share capital	<b>252,950</b>	252,950	<b>252,950</b>	252,950
Retained profits	<b>249,231</b>	288,171	<b>248,941</b>	287,881
Other reserves	<b>(21,379)</b>	(19,792)	<b>(21,379)</b>	(19,792)
Less: goodwill and intangibles	<b>(33,403)</b>	(33,638)	<b>(33,403)</b>	(33,638)
Less: deferred tax assets	<b>(107,200)</b>	(110,559)	<b>(107,200)</b>	(110,559)
Less: investment in subsidiary companies	-	-	<b>(200)</b>	(200)
<b>Total CET1 Capital</b>	<b>340,199</b>	377,132	<b>339,709</b>	376,642
<b>Tier 1 Capital</b>	<b>340,199</b>	377,132	<b>339,709</b>	376,642
<b>Tier 2 Capital</b>				
Stage 1 and Stage 2 expected credit loss allowances and regulatory reserves <sup>(2)</sup>	<b>4,771</b>	4,952	<b>4,760</b>	4,952
Subordinated obligations	<b>100,000</b>	100,000	<b>100,000</b>	100,000
<b>Total Tier 2 Capital</b>	<b>104,771</b>	104,952	<b>104,760</b>	104,952
<b>Total Capital</b>	<b>444,970</b>	482,084	<b>444,469</b>	481,594

Note:

<sup>(2)</sup> Includes the qualifying regulatory reserve for non-impaired loans and advances.

(c) Breakdown of risk-weighted assets in the various risk weights:

	<b>The Group</b>		<b>The Bank</b>	
	<b>30.09.2022</b>	<b>30.06.2022</b>	<b>30.09.2022</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>381,669</b>	396,174	<b>380,782</b>	396,120
Market risk	<b>222,358</b>	217,522	<b>221,958</b>	217,123
Operational risk	<b>346,446</b>	341,935	<b>346,146</b>	341,603
	<b>950,473</b>	955,631	<b>948,886</b>	954,846

**EXPLANATORY NOTES**

**30. Changes in the composition of the Group**

There were no changes in the composition of the Group since last financial quarter.

**31. Significant events subsequent to the financial quarter**

There were no material events subsequent to the end of the reporting quarter that require disclosure or adjustments to the unaudited financial statements.

**32. Review of performance for the financial quarter ended 30 September 2022 against the corresponding financial quarter**

For the current financial quarter ended 30 September 2022, the Group recorded a profit before tax of RM16.1 million, as compared to a RM25.0 million in the corresponding financial quarter. The decrease in profit of RM8.9 million was primarily attributable to lower Bursa market volume recorded in the current quarter compared to the previous year's corresponding financial quarter.

**33. Prospects for 2023**

Overall, we are cautiously optimistic for the outlook of bond market for 2H FY2023; as we expect worldwide central banks to slow down the pace of rate hike. However, we are cautious about the economic and inflationary outlook for Euro Zone due to the prevailing energy crisis. While supply chain bottleneck, one of the primary contributors of inflationary pressures, has showed sign of easing; there is no clear resolution for the Russia-Ukraine war.

After the third consecutive 25bps hike in our Overnight Policy Rate (“OPR”) (current OPR: 2.50%), BNM now has some policy flexibility for the last Monetary Policy Meeting (“MPC”) of the year scheduled in November. We expect the OPR to normalise to 3.00-3.25% by next year.